

Message Text

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PAGE 01 CANBER 02582 070804Z
ACTION EB-08

INFO OCT-01 EA-10 ISO-00 SS-15 SP-02 H-01 L-03 INR-10
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P R 070651Z APR 78
FM AMEMBASSY CANBERRA
TO SECSTATE WASHDC PRIORITY 2904
INFO AMEMBASSY BANGKOK
AMEMBASSY BONN
AMEMBASSY JAKARTA
AMEMBASSY KINSHASA
AMEMBASSY KUALA LUMPUR
AMEMBASSY LAGOS
AMEMBASSY LA PAZ
AMEMBASSY LONDON
AMEMBASSY MOSCOW
AMEMBASSY OTTAWA
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY THE HAGUE
AMEMBASSY TOKYO

C O N F I D E N T I A L CANBERRA 2582

STADIS////////////////////////////////////

EO 11652: GDS
TAGS: EMIN, ITC, GSA, AS
SUBJECT: AUSTRALIAN VIEWS ON UDALL-DECONCINI BILL

REF: (A) STATE 73565, (B) STATE 063554, (C) STATE 58800

1. EMBOFF CALLED IN BY G. MCGREGOR, ACTING ASSISTANT
SECRETARY, NO. 3 BRANCH (METALS AND MINERALS), COMMODITY
POLICY DIVISION, DEPARTMENT OF TRADE AND RESOURCES (DTR)
TO DISCUSS OUTLINE OF LETTER DTR SUGGESTING THAT AUSTRALIAN
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EMBASSY DELIVER TO ASSISTANT SECRETARY KATZ SETTING
FORTH CERTAIN AUSTRALIAN CONCERNS OVER THE UDALL-
DECONCINI BILL. AS LETTER STILL IN DRAFT FORM PENDING
AUSTRALIAN EMBASSY CONCURRENCE AND UPDATING, MCGREGOR
UNABLE TO PROVIDE EMBOFFF WITH COPY, BUT HE DID READ
EXTENSIVELY FROM DRAFT ALONG FOLLOWING LINES.

2. DEPARTMENT IS THANKED FOR THE THOUGHTFUL MATERIAL ON BILL SUPPLIED TO DTR BY EMBASSY (REFTELS B AND C). THEY ARE PLEASED TO RECEIVE ADMINISTRATIONS ASSURANCE THAT TIN SALES WILL BE HANDLED IN A MANNER THAT WILL NOT DISRUPT MARKET. THEY ARE, HOWEVER, CONCERNED WITH FACT THAT DISPOSAL OF TIN SO LIGHTLY TIED TO ACQUISITION OF COPPER. THEY BELIEVE IT IMPORTANT THAT CONGRESS BE MADE AWARE OF THESE CONCERNS BEFORE BILL BECOMES LAW, AS ARTICLE 3 OF TIN AGREEMENT PROVIDES FOR CONSULTATION AT ALL PHASES OF DISPOSAL AND THIS THEY SEE AS INCLUDING PREPASSAGE CONSIDERATION BY CONGRESS. THEIR CONCERN IS THAT ONCE BILL IS PASSED THERE WILL BE GREAT PRESSURE TO ACQUIRE COPPER AS SOON AS POSSIBLE AND THAT THIS WILL RESULT IN IMPROPER HASTE IN SELLING OFF FIRST BUNCH OF TIN, THE PROCEEDS OF WHICH MUST GO TO GENERAL REVENUE, IN ORDER TO BE ABLE TO SELL TIN FOR PURPOSE OF ACQUIRING COPPER. THEY BELIEVE THAT AT CURRENT PRICES IT WILL BE NECESSARY TO SELL OFF ENTIRE 45,000 SHORT TONS OF TIN IN ORDER TO ACQUIRE THE ENVISAGED 225,000 SHORT TONS OF COPE. WHEN COMBINED WITH THE 5,000 TONS OF TIN DESTINED FOR THE US CONTRIBUTION TO THE ITA STOCKPILE, THIS COULD MEAN THAT IN 18 MONTHS AN AMOUNT DOUBLE THE PROJECTED DEFICIT OF 24,000 TONS WOULD BE PLACED ON MARKET, WITH SEVERE EFFECTS ON MARKET AND WOULD IMPAIR USG'S ABILITY TO MEET ITS OBLIGATIONS UNDER ARTICLE 43.OF TIN AGREEMENT.

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3. DRAFT LETTER GOES ON TO REMIND DEPARTMENT OF DISRUPTIVE EFFECTIVE OF "UNFORTUNATELY TIMED" RELEASES FROM GSA STOCKPILE IN 1973 AND 1974

4. DRAFT LETTERS REFERS TO HEART BILL WHICH LETTERS SAYS APPEARS TO AIM AT CONSOLIDATING THE EIGHT DISPOSAL BILLS CURRENTLY PENDING IN CONGRESS AND GOES ON TO ADD THAT A BILL ALONG THESE LINES APPEARS TO BE A STEP IN THE RIGHT DIRECTION, ALTHOUGH DRAFT LETTER ADMITS THAT THIS STATEMENT IS MADE WITHOUT FULL KNOWLEDGE OF DETAILS OF HEART BILL.

5. MCGREGOR SAID THAT WHEN DRAFT LETTER HAD BEEN FINALIZED, SWIFT WOULD MOST LIKELY PRESENT IT TO KATZ IN PERSON. HE SAID THAT GOA FULLY RECOGNIZED URGENCY IN VIEW OF FORTHCOMING MEETING OF TIN COUNCIL.

6. COMMENT: MCGREGOR SAID THAT THOMPSON IN WASHINGTON HAD REPORTED WIDE-SPREAD RUMORS THAT ADMINISTRATION SUPPORT WAS "TRADE -OFF" FOR SENATOR DECONCINI'S SUPPORT FOR THE PANAMA CANAL TREATY, BUT THAT THIS RUMOR NOTWITHSTANDING HE SURE DEPARTMENT HAS EVERY INTENTION TO LIVE UP TO ITS ITA OBLIGATIONS AND THAT AUSTRALIAN DRAFT LETTER INTENDED TO

EMPHASIZE SOME OF THE FUTURE PROBLEMS FROM ITA STANDPOINT
WITH THE UDALL-DECONCINI BILL AS NOW FORMULATED.
ALSTON

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NNN

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